

SALC Statement of Support

February 12, 2013

Governor Brewer's proposal to expand Medicaid coverage in Arizona is an enlightened proposal that will truly benefit the state. The Southern Arizona Leadership Council, SALC, strongly supports her proposal. We base our support on the following:

It is the right thing to do. Arizona normally ranks among the highest states in the nation for the percentage of uninsured adults without dependent children. This proposal would allow the state to provide health care coverage to an additional 240,000 adults and to continue insuring another 50,000 adults whose coverage otherwise will expire at yearend. That's a total of 290,000 working poor Arizonans without dependent children who would be provided health care coverage under the governor's proposal.

It is what voters want. Twice Arizona voters have overwhelmingly voted to extend medical coverage to working poor adults, once in 1996 and a second time in 2000.

There is no cost to Arizona's general fund. The federal government will pay approximately \$1.6 billion for the expanded coverage in fiscal year 2015, the first year of full implementation. The state's share will be \$154 million. However, the state's share will be paid by an assessment on hospitals. This is not an unwelcome new tax; the hospitals proposed it.

It will help the still-recovering economy. The expanded health care coverage would inject nearly \$8 billion into the Arizona economy in the first four years alone. This would have a comparable economic impact to creating an additional Luke Air Force Base or another Intel plant similar to the one in Chandler. For a state still recovering from the recession, this economic infusion will create badly needed jobs.

It protects hospitals. In the United States, uninsured people who are seriously ill generally are not denied health care. They get it by going to hospital emergency rooms, where the cost of their treatment is much higher. This places a large burden on hospitals, which have seen the cost of care for uninsured patients double in Arizona. Placing more people on Medicaid will reduce the number of uninsured patients and especially protect rural hospitals.

Ultimately, it will lower health insurance costs for all Arizonans. Currently, uncompensated health care costs in hospital emergency rooms effectively are shifted to those covered by insurance, with the average family paying an estimated \$1,700 more per year in insurance premiums to pay for health care for the uninsured. Expanding Medicaid would decrease this "hidden tax" on businesses and individuals who buy their own insurance.

Governor Brewer's plan includes a "circuit-breaker" to protect the state. In the event that the federal government decreases its Medicaid funding for working adults without children to less than 80 percent of the cost, then Arizona's expansion of coverage would be automatically repealed.

Governor Brewer states that Arizona can no longer afford not to extend health-care coverage to tens of thousands of uninsured working poor Arizonans. The Southern Arizona Leadership Council believes that she is absolutely right.